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ARIZONA CORPORATION COMMISSION



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AZ CORP COMMISSION
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March 26, 2002

Chairman William A. Mundell
Commissioner Jim Irvin
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

*In Re: Panda Gila River, L.P.'s Request for Order to Show Cause;
Docket No. E-01345A-01-0822*

My Fellow Commissioners:

I have carefully considered the filing cited above, which was docketed on March 19, 2002. I believe the issues raised therein go to the heart of the Request for Variance that initiated this docket.

The March 19, 2002 pleading suggests a 'put up or shut up' test of Arizona's wholesale power market that would resolve the docket to the benefit of Arizona ratepayers. Therefore, I propose that this Commission request responsive briefs from all parties and then convene a Special Open Meeting to pass on the merits of the proposal to initiate a Request for Proposals ("RFP") process.

I am keenly interested in obtaining answers to the following questions:

- If the Independent Power Producers ("IPPs") can, as the brief argues, submit responses to an RFP more favorable to Arizona ratepayers than the Arizona Public Service Company ("APS") / Pinnacle West Capital Corporation ("PWCC") Purchase Power Agreement ("PPA") proposal, should the Request for Variance be denied and the IPP bids deemed just and reasonable?
- If the IPPs cannot, as APS argues, submit responses to an RFP equal to the APS/PWCC PPA proposal, should the Request for Variance be adopted and the APS proposal deemed just and reasonable?

Arizona Corporation Commission
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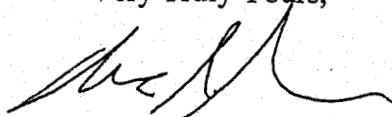
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The factual demonstration of an RFP process would appear to resolve (one way or the other) the core issue in this case.

I look forward to your responses.

Very Truly Yours,

A handwritten signature in black ink, appearing to read 'Marc Spitzer', with a stylized, flowing script.

Marc Spitzer
Commissioner

CC: Docket Control
Dean Miller, Acting Executive Secretary
Lyn Farmer, Chief Administrative Law Judge
Ernest Johnson, Utilities Division Director
Chris Kempley, Chief Counsel